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THE IMPACT OF HEALTH REFORM ON SMALL BUSINESSES IN NEW MEXICO

National health reform includes key changes that will reduce the ever-increasing health insurance costs burdening small businesses. This will help more New Mexicans get insurance and will also improve the competitiveness of our small businesses, creating more jobs and renewing economic growth in our state.

No Mandate to Provide Coverage

- Health insurance reform **does not** mandate that small businesses (with up to 50 employees) provide health insurance coverage for their employees. Small businesses will not be fined or otherwise penalized if they do not offer health insurance coverage.
- However, for those small businesses that do elect to provide coverage, **tax credits** and new **insurance exchanges** will be available to make plans more affordable and easier to arrange and manage.

Making Covering Employees More Affordable

- Small businesses are the backbone of our economy. They make up almost 74% of all New Mexico businesses, yet just 36% are able to offer health insurance plans.¹ Health insurance reform delivers key tools that will make it easier and cheaper for small businesses to cover their employees.
- Under reform, up to **22,700** small businesses in the state, employing over **100,000** New Mexicans, will be eligible for **tax credits** to subsidize health insurance costs.²
- Reform will come in two phases. Phase 1 takes effect immediately and will offer tax credits to qualifying employer for up to **35%** of the employer's share of health insurance premiums. Phase 2, which starts in 2014, will offer tax credits that may cover up to **50%** of the employer's share of health insurance premiums.

Making Buying Insurance Plans Easier

- Small businesses can choose to **continue** any insurance coverage that they already have.
- When selecting new contracts, however, reform will make purchasing health plans **easier** by creating American Health Benefit Exchanges and Small Business Health Options Program (SHOP) Exchanges.
- In these marketplaces, businesses with up to 100 employees will be able to pool risk and can obtain easy-to-understand information, compare, and then select plans from among a variety of competitive and affordable options that meet key standards. Businesses will be able to have more leverage when negotiating with insurers and can make easier and more informed decisions about health care plans which best suit their needs.

Creating Jobs by Reining-in Healthcare Costs

- Without the new law, New Mexico would have had some of the nation's **greatest increases** in health insurance premium costs. These costs have proved crippling to businesses, forcing many to cease or reduce health insurance coverage.³
- By reducing employer-borne health care costs, reform is expected to create **1,300-2,000** jobs in New Mexico.⁴

¹Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends, "2008 Medical Expenditure Panel Survey-Insurance Component"[http://www.meps.ahrq.gov/mepsweb/data_stats/summ_tables/insr/state/series_2/2008/tia1a.htm]

² Ibid., Table II.A.2, "Percent of Private-sector Establishments that Offer Health Insurance by Firm Size and State: United States, 2008."

³ Elizabeth Carpenter and Sarah Axen, "The Cost of Doing Nothing, Why the Cost of Failing to Fix Our Health System is Greater than the Cost of Reform," New American Foundation (November 2008).

⁴ U.S. Public Interest Research Group, "As Passage of Health Bill Nears, Research Shows New Jobs in Every State," (January 20, 2010), [<http://www.uspirg.org/newsroom/health-care/health-care-news/washington-d.c.-as-passage-of-health-bill-nears-research-shows-new-jobs-in-every-state>].